

Amended Corporate Income Tax Return

General Instructions

If additional information is required, please contact one of the Taxpayer Information and Assistance numbers:

Phoenix (602) 255-3381
 Tucson (520) 628-6421
 Other Arizona areas 1-800-352-4090
 Form Orders (602) 542-4260
 Forms by FAX (602) 542-3756
 Recorded Tax Information
 Phoenix (602) 542-1991
 Other Arizona areas 1-800-845-8192
 Hearing impaired TDD users
 Phoenix (602) 542-4021
 Other Arizona areas 1-800-397-0256

Purpose of Form

The 1995 Form 120X may be used to amend only the 1995 Form 120, as originally filed, or as it was later adjusted by an amended return, Department of Revenue correction notice, or an audit, whichever is latest.

NOTE: *Amended returns for prior taxable years must be filed on the Arizona Forms 120X for those taxable years.*

When To File

The Form 120X may be filed only after the taxpayer has filed its original Arizona corporate income tax return (Form 120) for the 1995 taxable year. Generally, Form 120X must be filed within four years after the date the original return was due or after the date that the taxpayer filed it, whichever was later. See instructions below on Revenue Agent Report (RAR) or federal amended return changes.

RAR or Amended Return Changes

Any taxpayer who files an amended return with the Internal Revenue Service must file an Arizona amended return. The taxpayer must report changes or corrections of the taxpayer's taxable income by the Internal Revenue Service to the department. The taxpayer must

also report changes in the taxpayer's taxable income as the result of renegotiation of a contract or subcontract with the United States to the department. The taxpayer must report the change or correction or file an amended return to the department within 90 days after the final determination of the change or correction.

Consolidated Return Election

The common parent of an affiliated group of corporations that files a federal consolidated return may elect to file an Arizona consolidated return. The common parent must make the election for taxable years beginning January 1, 1994, or later by the due date, including extensions, for filing the original return.

A taxpayer may file the 1995 Form 120X to change its method of filing to consolidated only if the 1995 Form 120X is filed by the due date, including extensions, of the taxpayer's 1995 Form 120.

Refer to the 1995 Form 120 instructions for further information regarding requirements for the election to file on a consolidated basis.

What To Attach

Attach any schedules, forms, and/or statements which are necessary to fully explain and substantiate the change(s). Attach a statement to the Form 120X that explains why the taxpayer amended its Arizona return. If the taxpayer amended its federal return, attach a copy of the amended return with all applicable schedules to the Form 120X. If the taxpayer is reporting RAR changes, attach a copy of the RAR with all applicable schedules.

Line-by-Line Instructions

Type or print the required information in the name, address, and information boxes on the top of page 1. If this is a consolidated return, enter the common parent corporation's name and address.

The name for a consolidated return should include the phrase "and subsidiaries". If this is a combined return, enter the name and address of the corporation under which the group is filing. The name for the combined return should include either the phrase "and unitary affiliates" or "and unitary subsidiaries", whichever is applicable.

Enter the corporation's federal employer identification number, which is the taxpayer identification number (TIN). If this is a consolidated return, enter the TIN of the common parent corporation. If this is a combined return, enter the TIN of the corporation under which the group is filing. Enter the corporation's Arizona withholding tax number and Arizona transaction privilege tax number. If this is a consolidated return, enter the common parent corporation's Arizona withholding tax number and Arizona transaction privilege tax number. If the common parent does not have an Arizona withholding tax number or Arizona transaction privilege tax number, leave these boxes blank. If this is a combined return, enter the Arizona withholding tax number and Arizona transaction privilege tax number of the corporation under which the group is filing. If this corporation does not have an Arizona withholding tax number or Arizona transaction privilege tax number, leave these boxes blank. Indicate the period covered by the taxable year and whether the taxable year is a calendar year or a fiscal year.

All returns, statements, and other documents filed with the Department of Revenue require a taxpayer identification number (TIN). The TIN is either a correct social security number or, for a business, the federal employer identification number. Paid tax preparers must also include their TIN on forms where requested. Taxpayers and paid preparers failing to include the proper TIN may be subject to a penalty. Please check the return to be sure that all required identification numbers are accurate and written clearly. Missing, incorrect, or unclear identification

numbers may cause delays in processing the returns.

**Lines 1 through 21
and lines 23 through 25 -**

NOTE: Columns (a) and (c) must be completed for each line whether or not a change has been made to a particular line. Enter an amount in column (b) only if a change has been made for a particular line.

Column (a): Enter the amounts as shown on the original return or as adjusted by any prior audit, amended return, or Department of Revenue correction notice.

Column (b): Enter the amount(s) of any change(s). Attach any schedules, forms, and/or statements which are necessary to fully explain and substantiate the change(s). The amounts entered in column (b) should be the net increase or net decrease for each line that has been changed. Bracket all decreases entered in column (b).

Column (c): Add the increase in column (b) to the amount in column (a) or subtract the decrease in column (b) from column (a). Enter the result here. If the line has not been changed, enter the amount from column (a) in column (c).

Line 9 - Apportionment Ratio

If the apportionment ratio is being amended, enter the amended apportionment ratio from page 2, Schedule C, line C5 in column (c). If the apportionment ratio is not being amended, enter the apportionment ratio from the 1995 Arizona Form 120, page 1, line 9, or as adjusted by any prior audit or amended return, whichever is latest. The taxpayer must carry out the ratio on line 9 to six places.

Refer to the instructions for Schedule C for more detailed information. Do not enter an amount on page 1, line 9, before reading the Schedule C instructions.

**Line 16 -
Arizona Income Tax Deduction**

Enter Arizona income tax accrued (for an accrual basis taxpayer) or paid (for a cash basis taxpayer). Accrual basis taxpayers must check the box on Form 120X, page 1, line 16.

Accrual basis taxpayers that do not have tax from the recapture of tax credits AND are not claiming tax credits - compute the Arizona income tax deduction according to the following example.

Example - Taxpayer X had Arizona income of \$20,000 before the Arizona income tax deduction.

A = Arizona income tax
H = Arizona income before taxes (line 15)
S = Arizona tax rate

$A = S(H - A)$
 $A = .09(\$20,000 - A)$
 $A = \$1,800 - .09A$
 $1.09A = \$1,800$
 $A = \$1,651.38$

If the accrued Arizona income tax deduction is less than \$50, enter the minimum tax of \$50. The Arizona tax deduction accrued for page 1, line 16(c), must equal the tax computed for page 1, line 18(c).

Accrual basis taxpayers that have tax from the recapture of tax credits OR are claiming tax credits - use the Schedule F worksheet in the following instructions to compute the Arizona tax deduction (page 1, line 16(c)). The Arizona tax deduction computed for page 1, line 16(c), must equal the tax liability (page 1, line 25(c)). Taxpayers that have tax from the recapture of tax credits OR are claiming tax credits must complete Arizona Form 300 before completing the Schedule F worksheet in the following instructions.

F1	Arizona income before taxes - from page 1, line 15(c)	F1	_____
F2	Arizona tax rate	F2	_____ .09
F3	Subtotal: multiply line F1 by line F2 (if less than \$50, enter the minimum tax of \$50).....	F3	_____
F4	Tax from recapture of tax credits - from Form 300, Part II, line 18.....	F4	_____
F5	Subtotal: add lines F3 and F4.....	F5	_____
F6	Tax credits - from Form 300, Part II, line 33.....	F6	_____
F7	Subtotal: subtract line F6 from line F5	F7	_____
F8	Recapture tax - from Form 300, Part II, line 34.....	F8	_____
F9	Subtotal: add line F7 and line F8	F9	_____
F10	1 plus the tax rate - line F2	F10	_____ 1.09
F11	Tentative Arizona tax deduction - line F9 divided by line F10.....	F11	_____
F12	Line F1 minus line F11 - If less than zero, enter 0.....	F12	_____
F13	Arizona tax deduction - If line F12 is less than or equal to \$555.56, enter the total of the \$50 minimum tax plus line F4 minus line F6 plus line F8. If line F12 is greater than \$555.56, enter the amount from line F11. In either case, the amount entered cannot be less than line F8. Enter the applicable amount here and on page 1, line 16(c). This must equal the tax liability computed for page 1, line 25(c).....	F13	_____

Line 18 - Arizona Income Tax

Multiply Arizona taxable income (line 17(c)) by 9 percent. If the computed amount of tax is less than \$50, enter the minimum tax of \$50.

Combined or consolidated returns - a unitary group or an Arizona affiliated group is considered a single taxpayer. The minimum tax is imposed on the single taxpayer rather than on each corporation within the group.

Line 19 - Tax From Recapture of Environmental Technology Facility Credit and Recycling Equipment Credit

Enter the amount of tax due from recapture of the environmental technology facility credit and/or the recycling equipment credit from Form 300, Part II, line 18.

Line 20 - Subtotal

Add lines 18 and 19. This is the amount of tax liability to which the total amount of tax credits claimed by the taxpayer may be applied.

Line 21 - Tax Credits

Enter the allowable tax credit amount from the Arizona Form 300, Part II, line 33. This amount cannot be larger than the amount on line 20 above. Do not include the retroactive consolidation tax payment credit on this line.

1. Defense Contracting Credit. There are two tax credits for qualified defense contractors. Qualified defense contractors may claim a tax credit for net increases in employment positions under United States Department of Defense contracts and in private commercial employment positions. There is also a tax credit for property taxes paid by a qualified defense contractor. Complete Arizona Form 302 to claim these tax credits.

2. Enterprise Zone Credit. Businesses located in an enterprise zone established under Arizona law may claim a tax credit for net increases in employment of qualified employees. Such businesses may also claim a tax credit for net increases in employment

of dislocated workers. Complete Arizona Form 304 to claim this tax credit.

3. Environmental Technology Facility Credit. This credit is provided for costs incurred in constructing a qualified environmental technology manufacturing, producing, or processing facility as described in ARS § 41-1514.02. Complete Arizona Form 305 to claim this tax credit.

4. Military Reuse Zone Credit. This tax credit is for net increases in employment of full-time employees working in a military reuse zone established under Arizona law. The employees must primarily engage in manufacturing, assembling, or fabricating aviation or aerospace products. Complete Arizona Form 306 to claim this tax credit.

5. Recycling Equipment Credit. This tax credit is for corporate taxpayers who place recycling equipment in service in Arizona. Recycling equipment is new or used equipment purchased during the taxable year and used exclusively to process post-consumer select solid waste materials. Recycling equipment is also manufacturing machinery used exclusively to produce finished products, the composition of which is at least 25 percent post-consumer select solid waste materials. Complete Arizona Form 307 to claim this tax credit.

6. Research and Development Expenses Credit. This is a tax credit for corporate taxpayers who incur qualified research expenses for research conducted in Arizona. The credit applies to qualifying expenses incurred after December 31, 1993. The law provides no carryforward for this credit. Complete Arizona Form 308 to claim this tax credit.

7. Correctional Industries Credit. The allowable credit is for the investment in qualified property on the grounds of an Arizona correctional facility. The allowable credit is also for the employment of inmates in the

Arizona correctional facility or for the employment of inmates in prison construction (for an Arizona correctional facility). The law provides no carryforward for this credit. Complete Arizona Form 311 to claim this tax credit.

8. Agricultural Water Conservation System Credit. This tax credit is for expenses incurred during the taxable year to purchase and install an agricultural water conservation system in Arizona. The credit applies to taxable years beginning from and after December 31, 1993. Complete Arizona Form 312 to claim this tax credit.

9. Alternative Fuel Vehicles and Equipment Credit. This tax credit is for the purchase of new alternative fuel vehicle(s) or expenses incurred for the conversion of conventional vehicle(s), or the purchase of alternative fuel delivery system(s) for use in Arizona. The credit applies to taxable years beginning after December 31, 1993, and before January 1, 1999. Complete Arizona Form 313 to claim this tax credit.

10. Underground Storage Tanks Credit. This tax credit is for expenses incurred by a corporate taxpayer not liable or responsible for corrective actions required due to the release of a regulated substance. The credit applies to taxable years beginning from and after December 31, 1993. There is no carryforward allowed for this tax credit. Complete Arizona Form 314 to claim this tax credit.

11. Pollution Control Credit. This new tax credit is for expenses incurred during the taxable year to purchase real or personal property used in the taxpayer's trade or business in Arizona to control or prevent pollution. The credit applies to taxable years beginning from and after December 31, 1994. Complete Arizona Form 315 to claim this tax credit.

12. Construction Materials Credit. This new tax credit is for new construction materials incorporated into a qualifying facility located entirely within Arizona, construction of which is

begun on or after January 1, 1994, and completed on or before December 31, 1999. The credit shall be claimed in the taxable year in which the qualified facility receives a certificate of occupancy. Complete Arizona Form 316 to claim this tax credit.

13. Summer School and Jobs Credit.

This new tax credit is for wages paid to students enrolled in the 1995 summer school and jobs program. The law provides no carryforward for this credit. Complete Arizona Form 317 to claim this tax credit.

Complete the appropriate credit forms for each credit. Attach the completed credit forms to the Form 120X with the Arizona Form 300, whether or not the amount claimed on line 21 has been changed.

Line 22 - Credit Type

Indicate which tax credits were claimed on line 21 by writing the applicable form number(s) in the space provided.

Complete this line whether or not the amount of tax credits claimed on line 21 has been changed.

If you are claiming:	Write form number:
1. Defense Contracting Credit	302
2. Enterprise Zone Credit	304
3. Environmental Technology Facility Credit	305
4. Military Reuse Zone Credit	306
5. Recycling Equipment Credit	307
6. Research and Development Expenses Credit	308
7. Correctional Industries Credit	311
8. Agricultural Water Conservation System Credit	312
9. Alternative Fuel Vehicles and Equipment Credit	313
10. Underground Storage Tanks Credit	314
11. Pollution Control Credit	315
12. Construction Materials Credit	316
13. Summer School and Jobs Credit	317

Line 24 - Correctional Industries Recapture Tax

Enter the recapture tax from Arizona Form 300, Part II, line 34.

Line 26 - Retroactive Consolidation Tax Payment Credit

Complete this line only if: (1) the taxpayer has received a credit voucher from the department indicating the amount of the total overpayment credit from retroactive consolidation, and (2) the taxpayer is filing this return for a taxable year beginning from and after June 30, 1995. Enter the maximum allowable credit for the taxable year, which is the lesser of ten percent of the total credit as determined by the department or the tax liability (line 25(c)).

Line 27 - Payments (Extension, Estimated)

Enter the amount from page 2, Schedule D, Part A, line 6.

Line 28 - Payment With Original Return (Plus All Additional Payments After It Was Filed)

Enter the amount from page 2, Schedule D, Part B, line 6.

Line 29 - Total Payments

Add lines 26, 27, and 28. Enter the total.

NOTE FOR CLAIM OF RIGHT RESTORATION: *If the tax for the 1995 taxable year was computed under the provisions for a claim of right restoration, line 29 also includes the credit for the tax reduction for prior taxable year(s). Refer to Arizona Corporate Tax Procedure CTP 95-3 for further information. Write "ARS § 43-1130.01" and the total amount of the tax reduction for prior taxable year(s) in the space to the left of the total payment amount entered on line 29. The amount entered on line 29 is the total of lines 26, 27, 28, and the tax reduction for prior taxable year(s). Attach a schedule computing the tax reduction for the prior taxable year(s).*

Line 30 - Overpayment From Original Return or as Later Adjusted

Enter the amount of the overpayment (if any) from the original return (1995 Form 120, line 35), and the total amount of any overpayments from a Department of Revenue correction notice, an amended return (1995 Form 120X, line 33), or an audit.

Line 32 - Total Due

If line 25(c) is larger than line 31, enter the difference. This is the amount of tax due and it must be paid with the amended return. Make the check payable to the Arizona Department of Revenue for the amount shown on line 32 and attach it to this form. Include the taxpayer's TIN on the check.

Line 33 - Overpayment

If line 31 is larger than line 25(c), enter the difference. This amount is the overpayment from this amended return.

Line 34 - Amount To Be Applied to 1996 Estimated Taxes

The taxpayer may apply part or all of an overpayment reported on line 33 as a 1996 estimated tax payment, if this amended return is filed during the taxpayer's 1996 taxable year. Enter the applicable amount on line 34. If the taxpayer wants all of the line 33 amount to be refunded, enter zero.

Line 35 - Amount To Be Refunded

Subtract line 34 from line 33, and enter the result. This is the net refund amount.

Schedule C Instructions

Schedule C must be completed only if the 1995 Arizona Form 120X is filed to amend the apportionment ratio. If the apportionment ratio is not being amended, enter the apportionment ratio from the 1995 Arizona Form 120 or as adjusted by any prior audit or amended return, whichever is latest, on the Arizona Form 120X, page 1, line 9, in column (a) and column (c).

ARS § 43-1139 (Allocation of business income) provides that the apportionment ratio is a fraction. The numerator of the fraction is the property factor plus the payroll factor plus two times the sales factor. The denominator of the fraction is four.

Line C3(g) -

NOTE: Multiply the amount entered on line C3(e), column (a), the total Arizona sales by 2 (double weighted sales factor) on line C3(f), column (a). Enter the amount on line C3(g), column (a). Do not double the amount entered on line C3(g), column (b), the everywhere sales of the taxpayer. Example: The taxpayer has total Arizona sales of \$100,000 and total everywhere sales of \$1,000,000. On line C3(g), column (a), enter \$200,000 of Arizona sales. On line C3(g), column (b), enter \$1,000,000 of everywhere sales for the taxpayer.

The sales factor ratio in column (c) of line C3(g) may, in certain circumstances, exceed 100 percent. However, since the total ratio (line C4) is divided by four, the average ratio (line C5) will not exceed 100 percent.

Line C5 -

Divide the total ratio, line C4, column (c) by four. Enter the average ratio amount

here and on page 1, line 9. Express the ratio as a decimal carried out to six places.

NOTE: Do not exclude a factor from the total ratio (line C4, column (c)) if the numerator of a factor is zero and the denominator of a factor is greater than zero. However, the taxpayer must exclude a factor if both the numerator and the denominator of a factor are zero. If the property or payroll factor is excluded, determine the average ratio (line C5, column (c)) by dividing the total ratio by three. If the sales factor is excluded, determine the average ratio by dividing the total ratio by two.

Schedule D Instructions

Parts A and B, lines 1 through 5, are used to list the income tax payments made by the taxpayer for the taxable year being amended. Do not include the retroactive consolidation tax payment credit or the claim of right credit computed under ARS § 43-1130.01 in this schedule.

Part A. Payments (Extension, Estimated) -

List the taxpayer's extension and estimated tax payments from the original return or from a Department of Revenue correction notice, whichever is later. If additional space is required to list the

payments, attach a schedule. Enter the total on Schedule D, Part A, line 6, and on page 1, line 27.

Part B. Payments (Other) -

List the payment sent with the original return and all payments made by the taxpayer after the original return was filed. If additional space is required to list the payments, attach a schedule. Do not include amounts paid for penalties and interest or payments reported on page 1, line 27. Enter the total on Schedule D, Part B, line 6, and on page 1, line 28.

Certification

Complete the signatures of the treasurer, other officer, and paid preparer, TIN, and date lines on page 2.

Interest

The Arizona Department of Revenue will calculate any interest due and will either include it in the refund or bill the taxpayer for the interest.

For information and current interest rates call the Taxpayer Information and Assistance telephone numbers listed on page 1 of the instructions.